



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

SEP 09 1982

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Thomas M. Downs, Director  
Department of Transportation  
District of Columbia Government  
Washington, D. C. 20004



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Dear Mr. Downs:

Subject: Department of Transportation Efforts to Improve Traffic  
Fine Collection, Capital Project Management, and Motor  
Vehicle Maintenance (GAO/GGD-82-98)

The purpose of this report is to apprise you of the results of our survey of the functions of the Department of Transportation (DOT). Although the survey identified significant problems in three program areas, we are not implementing detailed review work or making specific recommendations at this time. Instead, we are presenting our findings and observations for your consideration. During the next several months we plan to monitor the actions DOT is taking to correct the problems and improve the conditions we identified. Depending on DOT's progress in implementing corrective action, we may initiate a detailed review in the future.

In doing our survey we met with officials of each DOT bureau and office and reviewed cost, organizational, and related information on virtually all of the District's transportation programs. Most of our work, however, focused on three DOT functions: collection of traffic ticket fines, management of capital projects, and motor vehicle maintenance and repairs.

Our work in these areas was done in accordance with generally accepted Government auditing standards. Specific problems that we believe are hindering DOT's efficiency and effectiveness are discussed below. To a large extent, the problems relate to data processing and management information needs. The discussion includes the corrective actions being implemented which we will be monitoring.

The Office of the Inspector General is doing a detailed review of traffic ticket processing and collections, and we expect it to issue a report in the near future. Since the Inspector General intends to make specific recommendations for strengthening fine collection procedures, we have concluded that further work by us at this time would result in unnecessary overlap or duplication. Furthermore, in the areas of capital project management and motor vehicle maintenance, you are making major changes to current operations that address the problems we identified. Therefore, we are suspending further work at this time.

We discussed a draft of this report with you on September 3. You generally agreed with our findings and observations, and suggested several changes to clarify traffic fine collection procedures. We have incorporated your suggestions into the report.

SUBSTANTIAL REVENUE IS LOST DUE TO  
DELAYS IN COLLECTING TICKET FINES

Collection of traffic ticket fines for parking and noncriminal moving violations is a major element of DOT's comprehensive parking management program. The program's main purpose is to achieve traffic safety and control rather than to raise revenues for the District. Nevertheless, traffic ticket revenue is substantial. DOT expects to collect \$20.5 million in fines in fiscal year 1982 and \$23.8 million in 1983. This represents about one-third of all the revenues DOT collects directly from District residents, visitors, and businesses in conjunction with parking enforcement, motor vehicle regulation, and other transportation functions.

Because it integrates traffic fine collection with several other elements into a centralized, comprehensive approach to parking management, the DOT program has been called one of the Nation's most effective. <sup>1/</sup> However, traffic ticket revenue would be significantly higher if DOT were timelier in attempting to collect outstanding fines.

We believe that DOT would be timelier if it fully implemented its established collection procedures. Based on discussions with DOT officials and our analysis of traffic ticket records, a major reason for delays in collecting fines is DOT's failure to send reminder notices to violators on a timely and consistent basis. This in turn has caused DOT to delay further followup action to collect delinquent fines and penalties. Persistent problems in data processing appear to underlie these conditions.

At the close of our survey, DOT officials stated that the backlog of violations for which reminder notices have not been sent will be eliminated before the end of 1982. Eliminating this backlog is critical because reminder notices are likely to substantially increase ticket revenue and because DOT policy precludes further followup until the notices are sent. In addition, DOT is planning to upgrade the data processing systems supporting its parking management program.

Traffic fine collection  
has not been timely

According to DOT records, 5.96 million traffic tickets totaling \$68.9 million in fines were issued during 1979 through 1981. However, 2.14 million of those tickets were still outstanding in May 1982. The outstanding tickets represent \$56.8 million in potential revenue, including about \$24.8 million of original fines and \$32.0 million of delinquent payment penalties. <sup>2/</sup> A sizable share of outstanding fines and penalties has remained uncollected for a long time.

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<sup>1/</sup>See, for example, R. Ellis, "On-Street Parking Management Programs," Transportation Research News, Spring 1982. In addition to traffic fine collection, the elements of DOT's program include regulation of on-street parking supply, permits for residential parking, parking meter management, ticket writing, vehicle booting and towing, and ticket processing and adjudication.

<sup>2/</sup>DOT's records date back to 1976 although its parking management program did not begin until the fall of 1978. Including traffic tickets issued during 1976 through 1978, the total number of tickets still outstanding is 3.1 million and the total amount of outstanding fines and penalties is over \$78 million.

For example, as shown in the following chart, 30 percent of the tickets issued in 1979 were still outstanding as of May 29, 1982, or more than 2 years later. Including penalties, the outstanding tickets represent nearly \$14 million in potential revenue. Some of this revenue may no longer be collectible, but the amount is not known since DOT has not fully implemented policies for writing off uncollectible tickets on a periodic basis.

<u>Type of traffic violation</u>	<u>Number of tickets issued in 1979</u>	<u>...And still outstanding on May 29, 1982</u>	
		<u>Number</u>	<u>Value a/</u>
Parking (note b)	1,693,627	512,993	\$10,562,289
Moving (noncriminal)	179,125	54,590	3,329,879
Total	<u>1,872,752</u>	<u>567,583</u>	<u>\$13,892,168</u>
Percent of total	100.0	30.3	

Note a: Includes penalties in addition to original fines.

Note b: Excludes parking tickets issued against the diplomatic community.

Reminder notices and other collection procedures have not been fully used

DOT's procedures for collecting outstanding fines vary depending on whether a traffic ticket involves a parking or moving violation and whether the violator is a resident of the District, Maryland, Virginia or some other State. <sup>1/</sup> Basically, all violators are to be sent a reminder notice by DOT's automatic data processing (ADP) division if a parking or moving ticket is not paid within a certain number of days. For violators residing in the District, a notice is to be sent 30 days after the date of the ticket. For violators residing in Maryland or Virginia, a notice is to be sent 90 days after the ticket date. The additional time is needed for DOT to validate violator names and addresses with State authorities. In all cases, the notice includes a late payment penalty equal to the original fine.

Under DOT policy a reminder notice must be sent before further followup action can be taken. In the case of District violators who have been sent a reminder notice, followup of parking tickets is to occur at annual vehicle registration when DOT checks to see whether a vehicle has any delinquent parking fines outstanding before permitting the vehicle to be registered. For moving violations, followup is to occur at the time of driver license renewal when DOT checks to see whether a vehicle operator has any delinquent moving fines outstanding before permitting license renewal.

In the case of Maryland or Virginia violators who have been sent a reminder notice, delinquent parking tickets are to be forwarded to a collection agency, provided that the violator already has two tickets (Maryland resident) or three

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<sup>1/</sup>Because the procedures applied to other States are somewhat unique, we are limiting the rest of the discussion to the District, Maryland, and Virginia. Residents of these jurisdictions received about 85 percent of all the traffic tickets issued during 1976 through 1981, as follows: District, 38 percent; Maryland, 27 percent; Virginia, 20 percent.

tickets (Virginia resident) outstanding. For delinquent cases involving moving violations, DOT, under the terms of an interstate agreement, is to refer the case to Maryland or Virginia authorities for followup.

Traffic ticket records indicate that DOT has not been sending reminder notices as called for by its collection procedures. For example, during the year ending December 31, 1981, over 1.5 million traffic tickets were issued to District, Maryland, and Virginia residents. As of May 29, 1982, or nearly 5 months later, 598,234 tickets were still outstanding. Under its procedures DOT should have sent reminder notices covering all of the outstanding tickets. However, ticket records show that as of July 1, 1982, DOT had actually sent only 498,615 notices to 1981 violators, a shortfall of nearly 100,000. Since the number of notices actually sent presumably includes some to violators who paid their fines before May 1982 in addition to those who had not, it is likely that the total shortfall for 1981 alone is well in excess of 100,000 notices.

In discussions with us DOT officials confirmed that reminder notices have not been used in a timely and consistent manner. For example, the director of the Bureau of Parking and Enforcement stated that, in contrast to DOT's target of 30 days, notices were being sent to District violators 45 to 90 days after the ticket date. Further, in contrast to the target of 90 days, notices were being sent to Maryland violators up to 365 days after the ticket date and, until the spring of 1982, virtually no notices had been sent to Virginia violators for 3 years. Since a reminder notice must be sent before DOT will forward a delinquent parking ticket to a collection agency, only a few such cases involving Virginia violators have been forwarded. According to DOT records, Virginia residents received parking tickets during 1979 through 1981 worth \$10.6 million in fines and penalties that were uncollected as of May 1982.

Officials also stated that DOT has not been checking at license renewal time for outstanding moving violations by District residents. Moreover, until September 1982, DOT had not referred to State authorities any delinquent cases involving moving violations by Maryland or Virginia residents. According to DOT records, District, Maryland, and Virginia residents received moving tickets during 1979 through 1981 worth \$11.0 million in fines and penalties that were uncollected as of May 1982.

Reminder notices are an effective collection tool

Ticket records indicate that when DOT does send a reminder notice, it is fairly successful in getting District, Maryland, and Virginia violators to pay their parking fines in a timely manner. For moving fines, a reminder notice appears significantly less effective, though still productive as a collection tool.

The chart on the next page shows what had happened as of July 1, 1982, to those parking and moving tickets issued in 1981 for which DOT followed up with reminder notices. For 47 percent of the parking tickets, the fines were paid after a notice was sent. Moreover, 73 percent of the payments were received within 15 days. Among the three jurisdictions, the District had the highest payment rate (53.3%) while Virginia had the lowest (28.6%). The District's rate probably reflects some collections made during the annual registration process. On the other hand, Virginia's low rate probably reflects the fact that few reminder notices had been sent until this spring.

For moving tickets, the chart shows that the fines were paid in a comparatively small 15.9 percent of the cases. In 57 percent of the paid cases, however, payment was received within 15 days. Overall, the data strongly suggests that regular and consistent use of reminder notices would markedly increase both the timeliness and amount of traffic fine collections.

July 1, 1982, Status of Traffic Tickets  
Issued in 1981 for Which DOT  
Sent Reminder Notices

Violation type and residence	<u>Traffic tickets issued in 1981</u>				
	<u>Number sent a notice</u>	<u>Number paid after notice</u>	<u>Percent paid after notice</u>	<u>Number paid within 15 days of notice</u>	<u>Paid within 15 days as percent of total number paid</u>
Parking tickets against residents of:					
District	272,154	144,987	53.3	111,773	77.1
Maryland	109,019	45,373	41.6	32,328	71.2
Virginia	68,516	19,580	28.6	10,091	51.5
Total	<u>449,689</u>	<u>209,940</u>	46.7	<u>154,192</u>	73.4

Moving tickets against residents of:

District	27,375	3,489	12.7	1,952	55.9
Maryland	14,649	2,770	18.9	1,623	58.6
Virginia	6,902	1,242	18.0	716	57.6
Total	<u>48,926</u>	<u>7,501</u>	15.3	<u>4,291</u>	57.2

ADP problems have disrupted fine collection and other enforcement procedures

According to DOT officials, the ADP division has not been timely in sending reminder notices because of insufficient resources, inadequate software systems and documentation, and a lack of management controls. These conditions, combined with the need to meet other data processing demands, resulted in reminder notices receiving low priority.

DOT's problems with data processing have not been limited to tardy reminder notices. For example, because of systems software deficiencies, DOT is unable to routinely match its drivers license file with its traffic violations file to identify license renewal applicants who have delinquent moving fines outstanding. Further, as we noted in our March 12, 1982, report on the District Government's management of ADP resources, 1/ because of ADP problems during the 1979 vehicle registration process, DOT allowed several thousand vehicles with parking

1/"Better Management Would Improve The Effectiveness Of The District Of Columbia's ADP Resources" (GGD-82-47).

violations outstanding to be registered. More recently, the 1982 registration process was beset with confusion when a data processing error resulted in DOT sending registration forms to several thousand District residents in which it overstated the amount of parking fines and penalties owed. Overall, according to a June 1981 internal DOT study, there are 76 specific problems and needed improvements in the data processing systems supporting DOT's parking management and traffic enforcement programs.

In addition to working to eliminate the current backlog of unsent reminder notices, DOT is requesting \$1 million of additional funding in fiscal year 1983 to improve its ADP services, equipment, and supplies. According to DOT, the planned improvements will increase data processing efficiency, permit routine checking for outstanding moving violations at license renewal time, increase traffic fine collections by about \$5.6 million annually, and enable more effective enforcement of other motor vehicle and driver regulations.

MORE DETAILED AND COMPLETE  
INFORMATION IS NEEDED FOR  
MANAGING CAPITAL PROJECTS

DOT's efficiency and effectiveness in managing capital projects is important for two reasons. First, its capital program serves a wide range of needs and is one of the largest among District departments and agencies. Second, its capital resources are limited due to constraints on the District's access to capital funds. We believe that DOT could manage capital resources more efficiently and effectively if it had more detailed and complete cost and schedule information for individual capital improvement subprojects. Currently, managers must deal with diverse, incomplete data.

DOT has proposed to acquire a comprehensive information system which, if fully implemented, could provide managers with more complete and useful project data. Because this proposal applies to other agencies, officials have decided to implement a new system District-wide. One benefit of the proposed system is that it would provide timely management reports on Federal grant funds available for allocation to capital projects. Before DOT can effectively use such reports, however, it must implement procedures for closing out completed project work in a timely manner. Because of its inability to apply required close-out procedures, DOT is not fully utilizing Federal grant funds. At the close of our survey, DOT was taking action to develop and implement the necessary procedures.

DOT's capital program is large and  
faces financial constraints

DOT is requesting nearly \$120 million of capital budget authority in fiscal year 1983 to support projects to rehabilitate city streets and highways, improve traffic safety and management, replace or restore deteriorated bridges, and support transportation-related programs of other District agencies. These projects will consume more than one-quarter of the District's capital appropriations in 1983. The District-wide capital plan for fiscal years 1983 through 1988, which gives top priority to rehabilitation of the city's infrastructure—roads, bridges, sewers, etc., allocates to DOT nearly 29 percent of total capital resources. Only the Department of Environmental Services, with 30 percent of total resources, will have a larger share.

Though substantial, DOT's capital program is constrained by the District's access to capital funds. For fiscal years 1982 and 1983 the Federal Government

has limited the District's annual borrowing of capital project loans from the U. S. Treasury. This action forced District officials to reduce the magnitude and scope of capital improvements plans. Furthermore, under current law the District will not be able to borrow Treasury funds for capital projects authorized after September 30, 1983. Unless this date is extended, the District will soon have to enter the municipal bond market to sustain a capital program responsive to public needs. Since DOT is a major user of capital funds, its effectiveness and efficiency could affect the extent and cost of District borrowing in the bond market.

Current sources do not provide  
adequate management information

DOT's primary source for capital project data is the automated, District-wide Financial Management System and its adjunct, the Federal Aid Billing System. Both systems are accounting and budgeting oriented. That is, they are mainly designed to prepare budget and financial reports, compare expenditures with funding authorizations, and perform related accounting functions. Neither system provides the types of information needed to manage and monitor capital improvement subprojects and contracts. As a result, operating managers within individual DOT bureaus and offices are maintaining manual cost records. This effort is not only cumbersome, it leaves significant informational needs unfilled.

For example, effective project management includes periodic comparisons of planned with actual costs and schedule. This procedure enables managers to identify significant variances, isolate their causes, and take timely remedial action. DOT cannot effectively perform this function because it lacks detailed cost and schedule data on individual capital improvement subprojects. Monthly progress reports are available, but they do not show the cost elements (labor, materials, overhead, contractor versus in-house costs, etc.) needed for detailed analysis. Timely and detailed reports are also needed showing project spending by funding sources and unspent funds available for reallocation. Such reports would permit more effective matching of program resources with project needs. Currently, this type of information is not readily available and must be maintained in manual ledgers.

The information system which the District intends to acquire could fill the gaps in DOT's current data sources. As initially proposed, the system would serve both (1) project management, by providing detailed cost and schedule data on individual subprojects and contracts, and (2) financial management, by providing data for planning, budgeting, and monitoring program funds. District officials have decided to implement a complete system in two stages, with financial management receiving first priority. In June 1982 a \$674,000 contract was awarded for the design, evaluation, and implementation of the financial management component. This contract also provides for delivery of a detailed plan for implementing the project management component during a second, separate stage. The contract is scheduled for completion by October 31, 1982. Total cost, final design, and implementation timing of the complete information system will depend on the contract results.

Lack of close-out procedures is  
preventing effective use of  
Federal grant funds

DOT plans to use Federal grants to support about 80 percent of the total cost of the projects included in its fiscal year 1983 capital budget. DOT also

expects to use more than \$169 million of grant funds to support its 1983-1988 capital improvements plan. Efficient and effective use of these funds is critical given their magnitude and the financial constraints on the capital program. Because of problems in closing out completed contract work, however, DOT has not been using Federal grant funds as effectively as possible.

DOT receives Federal grants that it uses for projects within certain categories, such as bridge rehabilitation. Authorized funds are allocated by DOT to specific phases of a project, such as design or construction, within a given grant category. As a project progresses the Federal Government reimburses DOT for incurred costs. If a project phase is completed without using up its allocated funds, DOT can redirect the remaining funds to other projects in the same category. Before the Federal Government makes final reimbursement on a completed project, however, DOT must formally close out the project according to federally prescribed procedures.

Since fiscal year 1980 DOT has used the Financial Management System (FMS) to record and process project cost data for obtaining grant fund reimbursements. In December 1981 the Office of the Inspector General reported (OIG No. 145-21) that DOT could not close out a highway planning and research project because FMS was incapable of producing the data needed to prepare a final project voucher. As a result, a grant reimbursement claim for nearly \$136,000 could not be processed. Moreover, the Inspector General stated that until FMS is modified to produce the requisite data for completing close-out procedures, DOT would not be able to receive final reimbursement for any projects using costs recorded in FMS.

DOT officials told us that FMS as originally designed did not include the required close-out procedures and remains incapable of performing the close-out function. As a result, DOT has a backlog of completed project phases which are pending close-out and tying up funds that could be used for other projects. According to the DOT controller, about 150 pending close-out actions are tying up \$2 million that could be redirected. To eliminate the backlog and make the \$2 million available for redirection, DOT awarded a contract to the original FMS contractor for development and implementation of close-out procedures at a cost of nearly \$10,000. According to the contract, the new procedures are to be implemented before the end of the current fiscal year.

VEHICLE MAINTENANCE, PARTS  
INVENTORY, AND FUEL CONSUMPTION  
NEED BETTER MANAGEMENT CONTROL

Maintenance and repair of the vehicles and engine-powered equipment used by most District Government agencies is centralized in DOT's Mobile Equipment division. This division services on a reimbursable basis approximately 2,000 vehicles and pieces of equipment through a network of seven diagnostic and repair facilities. The division's reimbursable billings are estimated at \$3.7 million in fiscal year 1982 and 1983.

In response to a 1981 management study the division implemented several changes to improve its operations. Major improvements included adoption of a preventive maintenance program and more systematic assessment of employee performance. We believe that additional changes are needed in three areas that account for all of the division's budget. Those areas are equipment repairs (\$1.9 million), parts and supplies inventory (\$900,000), and fuel dispensing (\$900,000).

In each of these areas the division lacks timely and complete information to

exercise proper management oversight and control. In all three areas, however, the division has recognized this problem and is making an effort to improve the timeliness and completeness of informational resources. If fully implemented, these efforts should result in more efficient and effective operations.

Maintenance and repair reports  
are not timely and useful

All of the Mobile Equipment division's maintenance and repair work is recorded in an information system operated by a contractor in Princeton, New Jersey. Every 2 weeks the division mails maintenance and repair records to the contractor, which processes the data and produces a report showing the work done, the agency using the vehicle or equipment serviced, and the particular facility that did the work.

The turnaround time for preparation and delivery of the contractor report is about 6 weeks. Further, the report data cannot be routinely manipulated by the division for analysis purposes. For these reasons, the division does not have timely and useful information for identifying instances of vehicle abuse or neglect and cases of poor quality maintenance or repairs. Hard copy records are available; but since the number of vehicles and equipment is large and the records are filed chronologically, manual searches are time-consuming and, therefore, rarely done. Thus, division mechanics, for example, cannot quickly call up a vehicle's service history record to help in diagnosing a current problem. Similarly, supervisors cannot readily spot unusual patterns of parts replacement which may indicate abuse or pilferage. Moreover, on the basis of the limited data available, a division official has estimated that about 22 percent of the repair work done is excessive. If a vehicle's complete service record were readily available, unnecessary repairs could be prevented.

Recognizing the limitations of the present information system, the division plans to acquire an online, real-time automated system that will provide maintenance and repair data to each of its facilities. The proposed system is expected to cost about \$150,000. Among several features, the system will provide detailed cost data by vehicle, user, and repair facility; generate invoices for billing purposes; schedule vehicles and equipment for preventive maintenance and repair work; and maintain a service history on each vehicle and piece of equipment. A competitive solicitation was issued in June 1982 and the new system is expected to be implemented in fiscal year 1983.

Management and control of  
inventory is weak

An efficient inventory system minimizes the overall cost associated with holding items, ordering additional quantities, and running out of stock. The system also should include controls to prevent and detect pilferage of stock. To develop and operate an efficient system, an organization must keep adequate inventory records in order to forecast demand, project delivery leadtimes, and establish economical reorder points and quantities.

The parts branch of the Mobile Equipment division maintains an inventory of vehicle and equipment parts and supplies valued at \$65,000 to \$75,000. Currently, the branch has no systematic processes for managing and controlling this inventory. Because it does not maintain timely records of the quantities of items purchased and used, the branch cannot forecast demand or establish reorder points that minimize total inventory cost. Indeed, under current procedures the

branch simply reorders whenever quantities "look low." Moreover, there are no controls to prevent and detect pilferage, and much of the stock held in inventory may be obsolete. A one-time, manual inventory taken in late 1980 determined that about one-third of the parts and supplies were obsolete.

In an effort to strengthen inventory management and control, the Mobile Equipment division plans to purchase a small computer for use as an automated inventory system for parts and supplies. System specifications were being developed at the time of our survey. According to a division official, the proposed system will permit real-time tracking of parts and supplies received, used, and on-hand; generate the data needed to establish economical reorder points and quantities; and maintain a current inventory count to provide a means for detecting pilferage of stock. The division plans to purchase the automated system in fiscal year 1982 at a cost of about \$20,000.

Fuel consumption is not  
adequately monitored

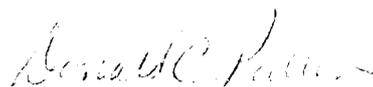
The Mobile Equipment division dispenses gas, diesel, and kerosene fuel to all of the agencies it services. Currently, the division monitors fuel consumption by means of credit cards issued to each agency or for each vehicle and piece of equipment. Because several agency employees typically use a given vehicle or piece of equipment, however, the division cannot monitor the fuel used by each employee. As a result, it has no way to identify persons who may be responsible for excessive fuel use or pilferage.

To improve monitoring capability, the division is procuring a new fuel dispensing system at an estimated cost of \$25,000. A competitive solicitation was issued in June and the new system is expected to be operational by early fiscal 1983. In contrast to current procedures, the new system will include credit cards issued to individual employees as well as for vehicles and equipment. Thus, the division will be able to monitor each employee's fuel consumption.

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I want to thank you and your staff for the cooperation and support afforded us during our survey. Copies of this report are being sent to the Mayor; the Chairman, Council of the District of Columbia; the District of Columbia Auditor; and the Inspector General.

Sincerely yours,



Donald C. Pullen  
Group Director